



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
1000 NAVY PENTAGON  
WASHINGTON, DC 20350-1000

AUG 10 2001

MEMORANDUM FOR DISTRIBUTION

Subj: IMPLEMENTATION OF CHANGES TO DEPARTMENT OF DEFENSE  
TRAVEL CARD POLICIES TO REDUCE DELINQUENCY RATES

Ref: (a) USD(C) memo of 14 Jun 01  
(b) DoD FMR, Volume 9, Chapter 3  
(c) Public Law 105-264

The Department of Defense (DoD) recently agreed to changes to the DOD travel card program. DoD agreed to these changes in order to streamline the travel card program process, reduce the financial risk to the contractor, and assist DoD members in paying their travel charge card bills in a more timely manner. The new policies, published in reference (a), are outlined below for your information. These policies are far reaching and will affect every command and activity. They are intended to make the program more viable for the Department and the issuing contractor. DoD agreed to take the following actions:

Reduce Cards Held By Infrequent Travelers

Review current travel cardholder listings and close accounts for individuals who do not need a travel card. Further, cards of those that do not frequently travel will be deactivated. Further guidance regarding closing and deactivating accounts will be forthcoming.

- Reference (b) defines an infrequent traveler as one who travels two or less times per year.
- In conjunction with this action, we are working with the Defense Finance and Accounting Service (DFAS) to review and change the current travel advance policy. The changes will ensure that travelers, who no longer have a travel charge card, but have a travel requirement, will be authorized to draw an advance sufficient to complete their mission. Once we resolve this issue, we will issue further guidance for canceling and deactivating travel cards.
- Commands and activities should begin to review their travel cardholder listings to determine which accounts can be closed because the individual does not need a travel card and to identify those individuals who are infrequent travelers.

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Default Split Disbursement Option (EDO)

Under the split disbursement option, a traveler may elect to have some portion of their travel payment paid directly to their travel charge card account.

- Under the new default EDO, unless otherwise indicated on the travel claim, any charges for transportation, lodging and rental car will be sent to the traveler's charge card account and the remainder to the traveler's designated financial institution account.
- We will issue separate guidance for implementation of default EDO within the Department.
- It is noted that Marine Corps personnel will be exempt from default split disbursement until this option is implemented at their travel settlement sites.

Salary Offsets

Reference (c), the Travel and Transportation Reform Act, permits the salary offset of undisputed delinquent amounts that are due to the travel card contractor. DoD has agreed to implement this provision. Under this program, the contractor may request DoD to collect amounts that are 90 or more days past billing.

- DFAS shall provide for appropriate salary offsets after complying with due process procedures.
- DFAS is developing specific salary offset procedures that will require revisions to the DoD Financial Management Regulation.
- Individuals will also be assessed an administrative fee.

In/Out Processing

Travel card issues are to be adequately addressed during in-processing and out-processing of personnel.

- Commands should ensure travel card Activity Program Coordinators (APC) are included during personnel in/out-processing if not already included in this process.
- Commands should cancel cards for all military members and civilian employees leaving DoD upon detachment.
- Commands may transfer a travel card account to the new hierarchy using the Account Transfer function available in Bank of America's Electronic Account Government Ledger System(EAGLS).
- We strongly discourage use of the travel card for permanent change of station travel, as these type claims frequently are not settled within thirty days.

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#### Cardholder Notification

Reference (b) requires that APCs notify supervisors and commanders when a cardholders account approaches the 60-day past due date. APCs are to also notify applicable cardholders whenever they inform Commanders and supervisors that a cardholder is delinquent in the payment of outstanding bills.

- This policy is to be strictly adhered to in order to ensure commanders, heads of activities, and supervisors are fully aware of delinquency problems within their organizations.

DoD agreed that the contractor may do the following:

#### Lower Credit And Cash Limits

The travel charge card contractor may reduce routine cash and credit line limits to no lower than \$250 cash/\$2,500 credit for standard cards and \$125 cash/\$1,000 credit for restricted cards.

- The new cash and credit limits will be phased in over a 6 month transition period.
- APCs will continue to have the ability, with supervisor's approval, to raise credit/cash limits to meet mission requirements.

#### Increased Fee For Cash Advances

The travel charge card contractor may increase the fee for Automated Teller Machine cash advances to 3 percent of the amount withdrawn or \$2, which ever is greater.

- This fee remains a reimbursable expense to the traveler.

#### New Fee For Expedited Delivery Of Cards

The travel charge card contractor may charge a \$20 fee for expedited delivery of cards. The contractor may charge this fee when a command requests expedited delivery for individuals not currently in a travel status, generally when there is a new card application.

- This fee does not apply to expedited delivery of emergency replacement of cards that are lost, stolen or unusable when travelers are in travel status.
- This fee is a reimbursable expense to the traveler.

#### Increased Late Fee

The travel charge card contractor may increase the late fee charged to cardholders from \$20 to \$29 per month and this fee can be assessed when an account is 75 days past billing vice the current policy of 120 days past billing.

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- The late fee remains an individual cardholder expense and is not reimbursable to the traveler.

Increase Return Check Fee

The travel charge card contractor may increase the return check fee to the cardholder to \$29 vice the current \$20 fee.

- The return check fee is an individual cardholder expense and is not reimbursable to the traveler.

Pay By Phone Fee

The travel charge card contractor recently announced they will charge cardholders that elect to pay by phone their travel charge card bill a fee of \$10.

- This fee is not reimbursable to the traveler.

Navy cardholders should have received a revised cardholder agreement with the June billing statement outlining these changes. As detailed processes are developed to implement the changes agreed to by DoD, they will be released under separate cover. Additionally, labor relations obligations are to be fulfilled for employees represented by unions. This should be accomplished in conjunction with your servicing Human Resources/Labor Relations Offices. Please contact your local office regarding any union questions.

It is essential that DON commands and activities continue to monitor the travel card program and work with cardholders that are delinquent. We have made significant progress in this area, a trend that must be sustained. Therefore, this memorandum should receive the widest dissemination within your chain of command.

Other issues under review that are also intended to improve the program include procedures associated with 'mission critical' status, reinstatement procedures for cardholders that have had their travel card canceled for financial irresponsibility, ARC qualifications, and the development of a debit card option. We welcome your suggestions on other areas that need improvement.

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